

Phillips 66 Partners

FIRST QUARTER 2017
EARNINGS CALL AND WEBCAST

April 28, 2017

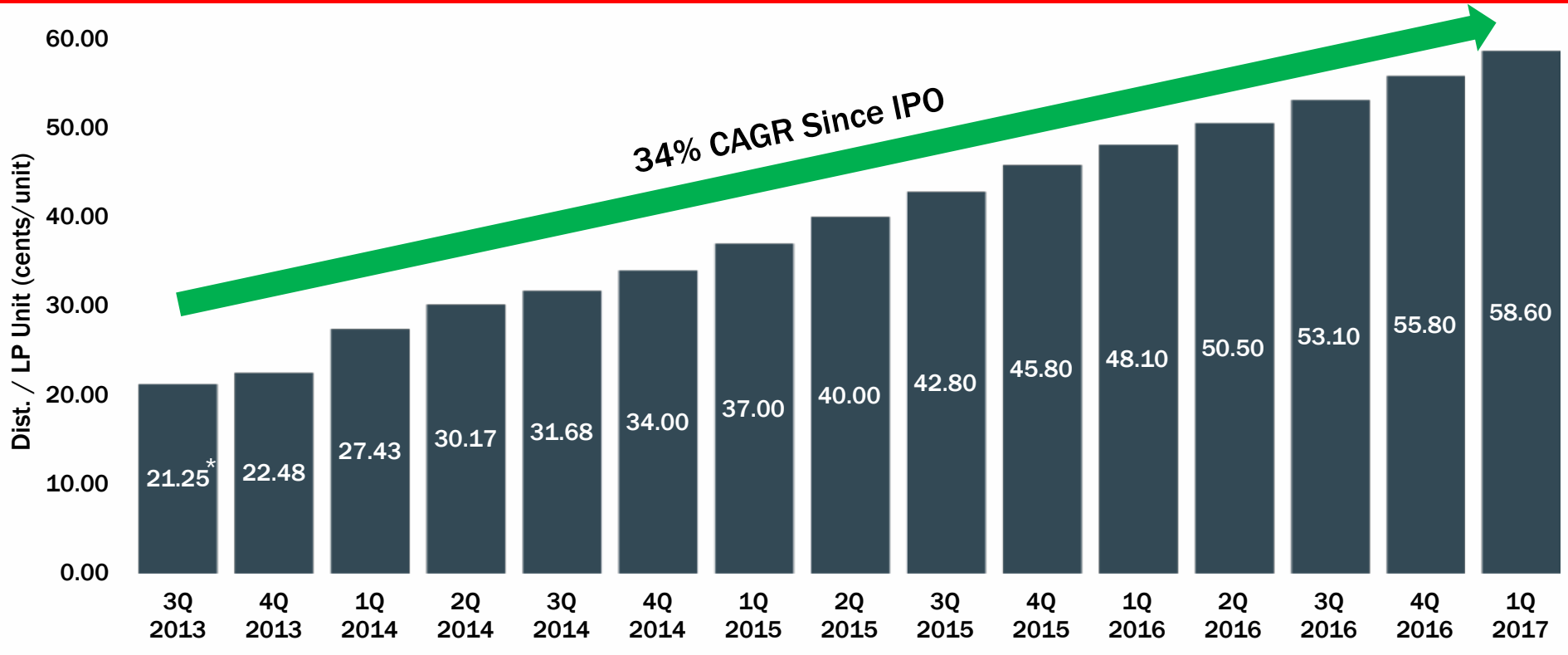
CAUTIONARY STATEMENT

This presentation includes forward-looking statements. Words and phrases such as “is anticipated,” “is estimated,” “is expected,” “is planned,” “is scheduled,” “is targeted,” “believes,” “intends,” “objectives,” “projects,” “strategies” and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to Phillips 66 Partners (including our joint venture operations) are based on management’s expectations, estimates and projections about the Partnership, its interests and the energy industry in general on the date this presentation was prepared. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include the continued ability of Phillips 66 to satisfy its obligations under our commercial and other agreements; the volume of crude oil, refined petroleum products and NGL we or our joint ventures transport, fractionate, terminal and store; the tariff rates with respect to volumes that we transport through our regulated assets, which rates are subject to review and possible adjustment by federal and state regulators; fluctuations in the prices for crude oil, refined petroleum products and NGL; liabilities associated with the risks and operational hazards inherent in transporting, fractionating, terminaling and storing crude oil, refined petroleum products and NGL; potential liability from litigation or for remedial actions, including removal and reclamation obligations under environmental regulations; and other economic, business, competitive and/or regulatory factors affecting Phillips 66 Partners’ businesses generally as set forth in our filings with the Securities and Exchange Commission. Phillips 66 Partners is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures. Today’s presentation includes non-GAAP financial measures. You can find the reconciliations to comparable GAAP financial measures at the end of the presentation materials or in the “Financial Reports” section of our website.

Run-rate EBITDA is a forecast of future EBITDA, and is based on the Partnership’s projections of annual EBITDA inclusive of both currently owned assets and future potential acquisitions by the Partnership. Run-rate EBITDA is included to demonstrate the historical growth of the Partnership through the end of 2016, as well as management’s intention of future growth through acquisitions and organic projects. We are unable to present a reconciliation of run-rate EBITDA to net income, which is the nearest GAAP financial measure, because certain elements of net income, including interest, depreciation and taxes, were not used in the forecasts and are therefore not available. Together, these items generally result in run-rate EBITDA being significantly greater than net income. In 2016, the Partnership’s depreciation was $96 million and interest expense was $52 million.

DISTRIBUTION GROWTH



	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Coverage Ratio	1.13x	1.10x	1.10x	1.44x	1.32x	1.28x	1.14x	1.17x	1.39x	1.45x	1.14x	1.20x	1.24x	1.48x	1.31x

*Represents the minimum quarterly distribution for 3Q 2013, actual distribution of 15.48 cents equal to MQD prorated

PSXP GROWTH

- Extending Bayou Bridge Pipeline
- Expanding Sand Hills Pipeline
- Extending and expanding STACK Pipeline
- Developing a new isomerization unit at Phillips 66's Lake Charles Refinery

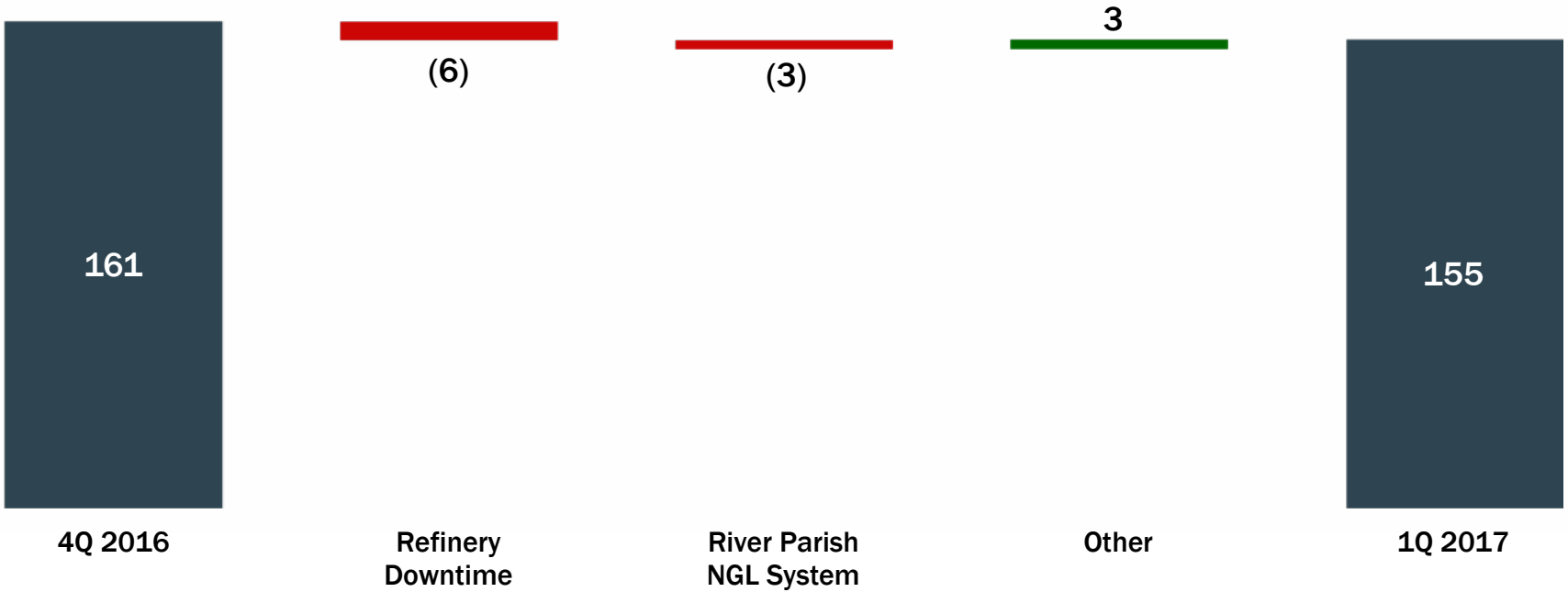
OPERATIONAL HIGHLIGHTS

	1Q 2017	4Q 2016
Pipeline Volumes (mbd)		
Crude Oil	940	899
Refined Products and NGL	935	929
Total	1,875	1,828
Terminal and Storage Volumes (mbd)		
Crude Oil	485	561
Refined Products and NGL	898	847
Total	1,383	1,408
Average Pipeline Revenue ($/bbl)	$ 0.63	$ 0.59
Average Terminal and Storage Revenue ($/bbl)	$ 0.41	$ 0.40

Excludes predecessor results

FINANCIAL HIGHLIGHTS

Adjusted EBITDA Variances ($ MM)

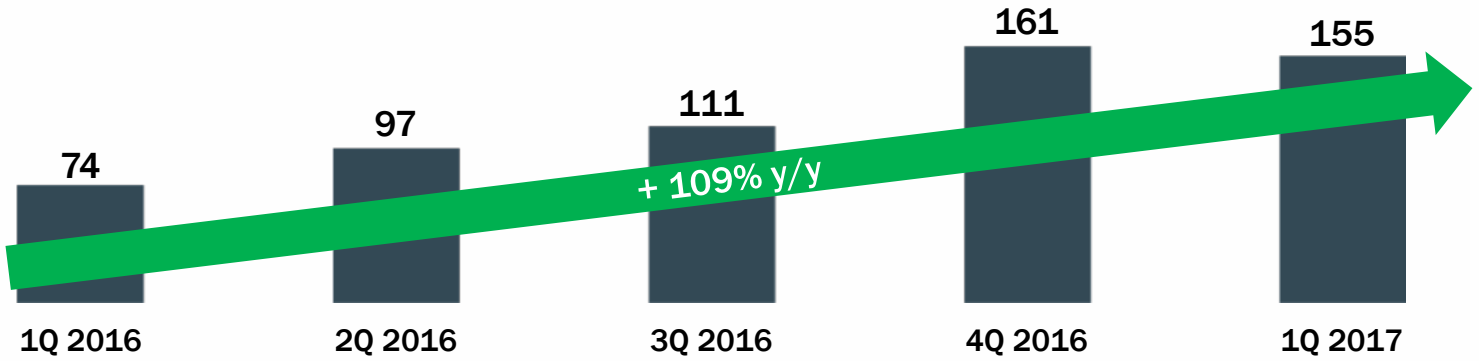


ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW

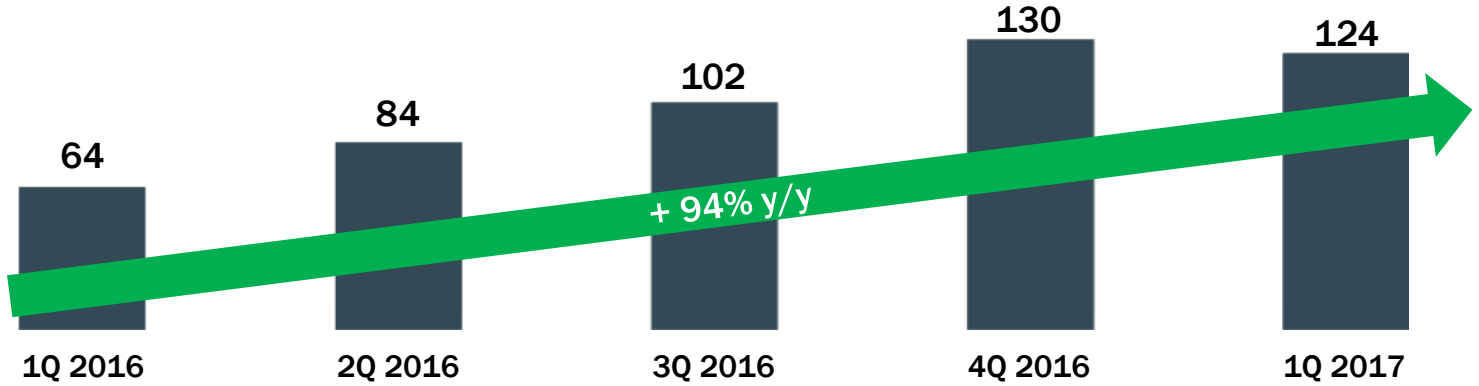
$ MM *(unless otherwise noted)*	1Q 2017
Adjusted EBITDA	155
Plus:	
Deferred revenue impacts	4
Less:	
Net interest expense	24
Maintenance capital expenditures	11
Distributable Cash Flow	124
Total Cash Distribution Declared	95
Coverage Ratio	1.31x

FINANCIAL GROWTH

Adjusted EBITDA



Distributable Cash Flow



Values in $MM, attributable to PSXP

STRONG FINANCIAL FLEXIBILITY AND LIQUIDITY

$ MM *(unless otherwise noted)*	1Q 2017
Cash and cash equivalents	1
Total assets	4,125
Total liabilities	2,497
Revolving credit facility availability	593
Debt to EBITDA ratio*	3.8x

**Leverage ratio estimated on credit facility covenant basis.*





QUESTIONS AND ANSWERS
EARNINGS CALL AND WEBCAST

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APPENDIX

FINANCIAL RESULTS (CONSOLIDATED)

$ MM *(unless otherwise noted)*	1Q 2017	4Q 2016
Revenues and other income	$ 234	$ 228
Costs and expenses	137	125
Income before income taxes	97	103
Provision for income taxes	-	1
Net Income	97	102
Less: Net income attributable to Predecessors	-	4
Net income attributable to PSXP	97	98
Adjusted EBITDA	155	161
Distributable Cash Flow	124	130
Quarterly Distribution (cents/unit)	58.6	55.8



NON-GAAP RECONCILIATION

	$ MM				
	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Net income	97	102	112	100	94
Plus:					
Depreciation	26	25	25	23	23
Net interest expense	24	21	10	11	10
Provision for income taxes	-	1	-	1	-
EBITDA	147	149	147	135	127
Distributions in excess of equity earnings	4	10	1	2	4
Expenses indemnified by Phillips 66	3	2	-	4	-
Transaction costs associated with acquisitions	1	-	2	1	1
EBITDA attributable to Predecessors	-	-	(39)	(45)	(58)
Adjusted EBITDA	155	161	111	97	74
Plus:					
Deferred revenue impacts	4	4	4	2	1
Less:					
Net interest expense	24	21	10	11	10
Maintenance capital expenditures	11	14	3	4	1
Distributable cash flow	124	130	102	84	64

NON-GAAP RECONCILIATION

	$ MM				
	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Net cash provided by operating activities	139	121	128	132	111
Plus:					
Net interest expense	24	21	10	11	10
Provision for income taxes	-	1	-	1	-
Changes in working capital	(17)	12	8	(5)	13
Undistributed equity earnings	4	(5)	3	2	(1)
Accrued environmental costs	-	(1)	-	-	-
Other	(3)	-	(2)	(6)	(6)
EBITDA	147	149	147	135	127
Distributions in excess of equity earnings	4	10	1	2	4
Expenses indemnified by Phillips 66	3	2	-	4	-
Transaction costs associated with acquisitions	1	-	2	1	1
EBITDA attributable to Predecessors	-	-	(39)	(45)	(58)
Adjusted EBITDA	155	161	111	97	74
Plus:					
Deferred revenue impacts	4	4	4	2	1
Less:					
Net interest	24	21	10	11	10
Maintenance capital expenditures	11	14	3	4	1
Distributable cash flow	124	130	102	84	64